

EXHIBIT 3

A. Requirements for State PSD Plans

Section 51.24 of Title 40 of the Code of Federal Regulations as amended, is proposed to be amended as follows:

1. By adding a new subparagraph (b)(2)(v) to read as follows: "(v) A major modification shall be deemed not to occur if one of the following occurs: (a) there is no significant net increase in the source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour); or (b) there is no significant net increase in the source's actual emissions.";
2. By deleting "actual" wherever it appears in paragraph (b)(3), except in subparagraph (b)(3)(vi)(b);
3. By adding a new subparagraph (b)(3)(ix) to read as follows: "(ix) For the purposes of this subsection, 'increase in emissions' and 'decrease in emissions' shall refer to changes in the source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour) or in its actual emissions;
4. By deleting the second sentence, and the word "two-year" in the first sentence, of subparagraph (b)(21)(ii);
5. By adding a new subparagraph (b)(23)(ii) to read as follows: "(ii) A net emissions increase in a source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour) is significant if that increase, as multiplied by 876 and divided by 2000, exceeds the rates specified in subparagraph (i) above."

B. New Source Review for PSD Purposes

Section 52.21 of Title 40 of the Code of Federal Regulations, as amended, is proposed to be amended as follows:

1. By adding a new subparagraph (b)(2)(v) to read as follows: "(v) A major modification shall be deemed not to occur if one of the following occurs: (a) there is no significant net increase in the source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour); or (b) there is no significant net increase in the source's actual emissions.";

2. By deleting "actual" wherever it appears in paragraph (3), except in subparagraph (b)(3)(vi)(b);

3. By adding a new subparagraph (b)(3)(ix) to read as follows: "(ix) For the purposes of this subsection, 'increase in emissions' and 'decrease in emissions' shall refer to changes in the source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour) or in its actual emissions.";

4. By deleting the second sentence, and the word "two-year" in the first sentence, of subparagraph (b)(21)(ii);

5. By adding a new subparagraph (b)(23)(ii) to read as follows: "(ii) A net emissions increase in a source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour) is significant if that increase, as multiplied by 876 and divided by 2000, exceeds the rates specified in subparagraph (i) above.".

C. Emission Offset Interpretative Ruling

Appendix S of Part 51 of Title 40 of the Code of Federal Regulations, as amended, is proposed to be amended as follows:

1. By adding a new subparagraph II.A.5(v) to read as follows: "(v) A major modification shall be deemed not to occur if one of the following occurs: (a) there is no significant net increase in the source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour); or (b) there is no significant net increase in the source's actual emissions.";

2. By deleting "actual" wherever it appears in paragraph II.A.6, except in subparagraph II.A.6(v)(b);

3. By adding a new subparagraph II.A.6(viii) to read as follows: "(viii) For the purposes of this subsection, 'increase in emissions' and 'decrease in emissions' shall refer to changes in the source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour) or in its actual emissions;

4. By adding a new subparagraph II.A.10(ii) to read as follows: "(ii) A net emissions increase in a source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour) is significant if that increase, as multiplied by 876 and divided by 2000, exceeds the rates specified in subparagraph (i) above.";

5. By deleting the second sentence, and the word "two-year" in the first sentence, of subparagraph II.A.13(ii).

6. By revising so much of subsection IV.C. as precedes paragraph IV.C.1. to read as follows: "C. Baseline for determining credit for emission and air quality offsets. The baseline for determining credit for emission and air quality offsets will be either the potential to emit (as calculated in terms of pounds

1. By adding a new subparagraph II.A.5(v) to read as follows: "(v) A major modification shall be deemed not to occur if one of the following occurs: (a) there is no significant net increase in the source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour); or (b) there is no significant net increase in the source's actual emissions.";

2. By deleting "actual" wherever it appears in paragraph II.A.6, except in subparagraph II.A.6(v)(b);

3. By adding a new subparagraph II.A.6(viii) to read as follows: "(viii) For the purposes of this subsection, 'increase in emissions' and 'decrease in emissions' shall refer to changes in the source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour) or in its actual emissions;

4. By adding a new subparagraph II.A.10(ii) to read as follows: "(ii) A net emissions increase in a source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour) is significant if that increase, as multiplied by 876 and divided by 2000, exceeds the rates specified in subparagraph (i) above.";

5. By deleting the second sentence, and the word "two-year" in the first sentence, of subparagraph II.A.13(ii).

6. By revising so much of subsection IV.C. as precedes paragraph IV.C.1. to read as follows: "C. Baseline for determining credit for emission and air quality offsets. The baseline for determining credit for emission and air quality offsets will be either the potential to emit (as calculated in terms of pounds

of pollutant emitted per hour) or the actual emissions of the source from which offset credit is to be obtained.";

7. By deleting paragraph IV.C.1., IV.C.2, IV.C.3., and IV.C.6 and renumbering the remaining paragraphs accordingly.

D. State Plans for New Source Review for Nonattainment Purposes

Section 51.18 of Title 40 of the Code of Federal Regulations, as amended, is proposed to be amended as follows:

1. By adding a new subparagraph (j)(1)(v)(g) to read as follows: "(g) A modification shall be deemed not to occur if one of the following occurs: (a) there is no significant net increase in the source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour); or (b) there is no significant net increase in the source's actual emissions.";

2. By deleting "actual" wherever it appears in subparagraph (j)(1)(vi), except in subparagraph (j)(1)(vi)(g)(2);

3. By adding a new subparagraph (j)(1)(vi)(h) to read as follows: "(h) For the purposes of this subsection, 'increase in emissions' and 'decrease in emissions' shall refer to changes in the source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour) or in its actual emissions.";

4. By inserting an "(a)" just before "Significant" in subparagraph (j)(1)(x) and adding a new subparagraph (j)(1)(x)(b) to read as follows: "(b) A net emissions increase in a source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour) is significant if that increase, as multiplied by 8760 and divided by 2000, exceeds the rates specified in (a) above.";

5. By deleting the second sentence, and the word "two-year" in the first sentence, of subparagraph (j)(1)(xi)(b);

6. By revising subparagraph (j)(3)(i) to read as follows: "(i) Each plan shall provide that for sources and modifications subject to any preconstruction review program adopted pursuant to this subsection, the baseline for determining credit for emissions reductions is either (a) the potential to emit (as calculated in terms of pounds of pollutant emitted per hour) or (b) the actual emissions of the source from which offset credit is to be obtained.";

7. By deleting subparagraphs (j)(3)(ii)(a) and (b) and renumbering the remaining subparagraphs accordingly;

8. By adding a new subparagraph (j)(3)(ii)(g) to read as follows: "(g) By the time the source is to commence operation, offsetting emissions shall be sufficient so as to represent (when considered together with the plan provisions required under Section 172 of the Act) reasonable further progress (as defined in the plan provisions required under Section 172 of the Act).".

E. Restrictions on Construction for Nonattainment Areas

Section 52.24 of Title 40 of the Code of Federal Regulation as amended, is proposed to be amended as follows:

1. By adding a new subparagraph (b)(5)(v) to read as follows: "(v) A modification shall be deemed not to occur if one of the following occurs: (a) there is no significant net increase in the source's potential to emit (as calculated in terms of pound

of pollutant emitted per hour); or (b) there is no significant net increase in the source's actual emissions.";

2. By deleting "actual" wherever it appears in paragraph (b)(6), except in subparagraph (b)(6)(v)(b);

3. By adding a new subparagraph (b)(6)(viii) to read as follows: "(viii) For the purposes of this subsection, 'increase in emissions' and 'decrease in emissions' shall refer to changes in the source's potential to emit (as calculated in terms of pounds of pollutant emitted per hour) or in its actual emissions.";

4. By inserting an "(i)" just before "Significant" in paragraph (b)(10) and adding a new subparagraph (b)(10)(ii) to read as follows: "(ii) A net emissions increase in a source's potential to emit (as calculated ~~in terms of~~ pounds of pollutant emitted per hour) is significant if that increase, as multiplied by 8760 and divided by 2000, exceeds the rates specified in subparagraph (i) above.";

5. By deleting the second sentence, and the word "two-year" in the first sentence, of subparagraph (b)(13)(ii).